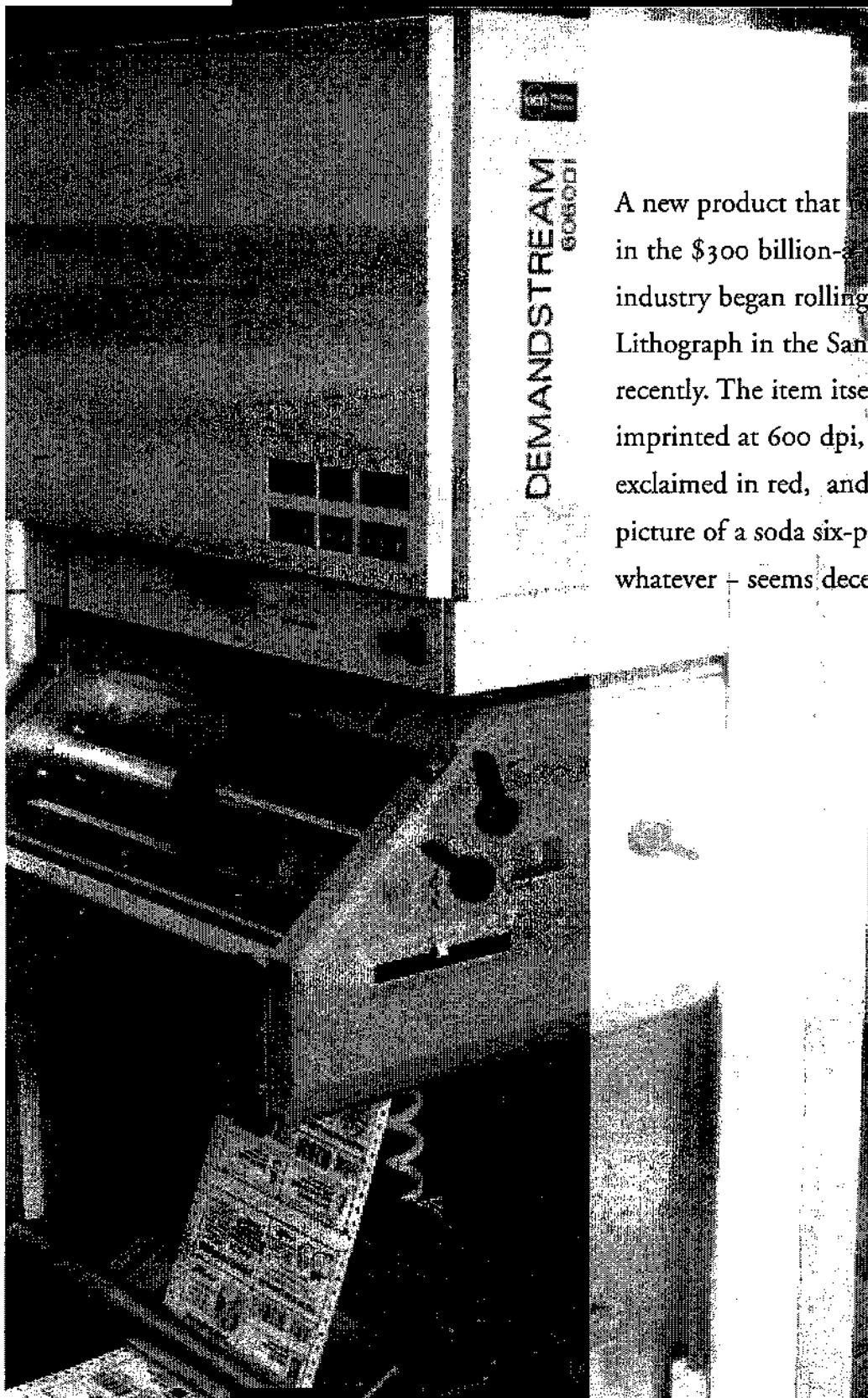
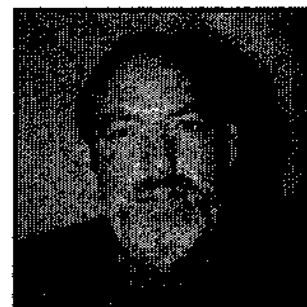


## Exhibit J

**Océ****George Lithograph** *case study*

A new product that promises a quantum leap in the \$300 billion-a-year retail redemption industry began rolling off the presses at George Lithograph in the San Francisco Bay Area recently. The item itself – a grocery coupon imprinted at 600 dpi, with a redemption value exclaimed in red, and a sharp black-and-white picture of a soda six-pack or soap box, or whatever – seems deceptively simple.



Henry Aguirre,  
Director of George Lithograph

On-Demand Coupons Drive Data Mining Strategy for  
George Lithograph



# George Lithograph

- Targeted marketing materials
- Digital asset management and high-speed digital output
- Color application successfully produced digitally

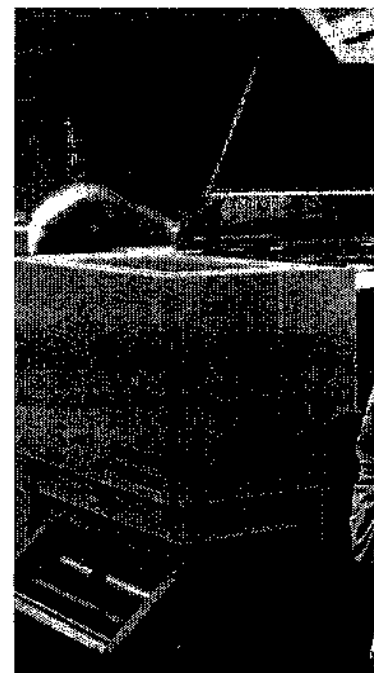
The first run of the presses – over a million sheets by year's end, on continuous-feed rolls at four coupons per sheet – is still but a ripple in the stream of ValPak cards and ink-jet, register slip coupon imprints currently comprising the sea share of the redemption industry. The customers who redeem the George-printed coupons may not care about the image quality, but they do care that the 20 or so coupons mailed to them are targeted to their buying habits. It's the food producers who care about the quality of the image, and they and the grocers both care about the buying habits of their customers. Along with the nice picture and savings imprint, the coupon also has a personalized bar code that allows grocers and manufacturers to mine the data of customers who have responded to a marketing query on an Internet website or at a kiosk in a store.

In a 20-coupon pack, each redemption value is determined by demographics, shopping choices and frequency of purchase. The value can vary with each product, and the sellers can track variable responses to their marketing programs. "The relative cost of the

coupons is very low compared to other forms of direct marketing," said Henry Aguirre, a director for George Lithograph who spearheaded development of the program. Although the cost is "not as cheap as generic coupons," he said, the cost difference is "negligible compared to the value of the information from the returned coupon."

## Parallel Development Yields Quick Results

George Lithograph, one of the oldest and largest printers in northern California, produces the coupons for Planet U, a San Francisco-based data mining company serving retail grocery chains. Initial contracts for the Planet U coupons are with Long's drug stores and the Kroger and Shaw's supermarket chains. The coupon program was developed over a year and a half by four principal participants – George Lithograph, Planet U, Océ Printing Systems USA, and Varis Software, a data management company. The collaborative research and development effort was a cross pollination of expertise, said Aguirre, "a case of parallel development in different areas that



now brings these technologies together to create a solution for the coupon business." For George Lithograph, it began with a determination to develop new business in variable data and data management applications in order to stay on the leading edge in the rapidly evolving demand printing industry.

## Desire for New Markets Launches Project

George Lithograph, a 75-year-old company, has a history of innovation and research, including one of the first (1979) graphic arts research contracts with Hewlett-Packard and beta site work in the development of screen dumps for the MacIntosh. But the core business of George Lithograph has been the printing of technical documents for suppliers and manufacturers of computer systems and financial documents for banking customers. It's a core business that's, a commodity market, said Aguirre, "and a market that is increasingly being diminished by competing

George Lithograph  
produces millions  
of printed  
documents.





“Océ and Varis saw the possibilities, and were willing to participate in the development of this to see that it would work.”

Henry Aguirre, Director



Jim Mekis,  
Director-Technical Development,  
George Lithograph

technologies, customers creating their own systems and by alternative media – the Internet and CD-ROM. So I started looking for a different type of business to use our capability, but not in the same competitive landscape.”

In particular, Aguirre said, he was “looking for a business opportunity to leverage digital asset management with digitally output images.” The investigative stage of Aguirre’s R&D was kicked off by visits to the local supermarket. “Each time I went through the checkout counter, I got a sheet of coupons, printed on the back of the register slip by a thermal printing device. I kept looking at this stuff in a variety of ways, and it came to me that we don’t know who turns these coupons in or how well the product is being marketed – who got them, who returned them.”

This led to what he called a supermarket survey of the grocers’ printer manufacturers, then of the coupon companies themselves – over a million entries churned up by

his Internet search engine. While he narrowed the million-plus down to a half dozen prospects, one of those prospects, Planet U, was doing its own survey and found George Lithograph on a search of printing company websites. Planet U showed him what they were getting from their printers – a two-color imprint, but in a low resolution that didn’t satisfy the retailers.

#### **Océ Printer Met Data Handling Challenge**

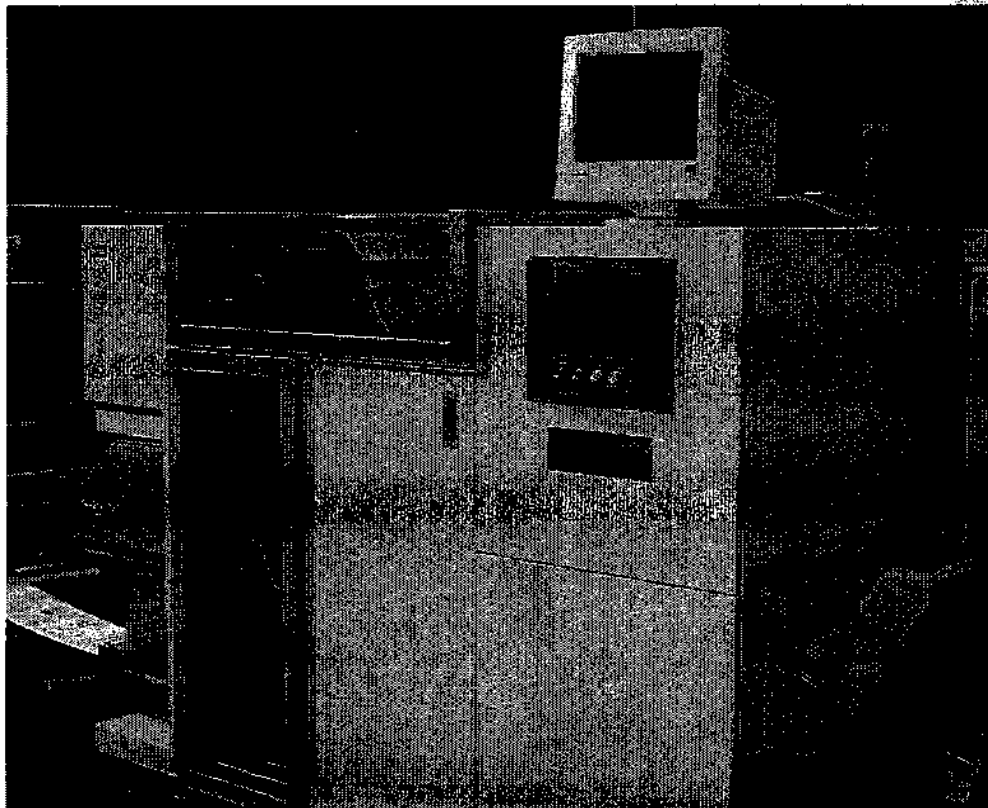
At first Aguirre considered an IBM printing system, but it was based on the Accent Color Sciences System, which had an upper limit of 240 dpi. Also being an add-on unit, it was unable to handle the volume of variable data and also make what seemed the quantum leap needed –

to split the data stream between the demands of the black-and-white and the color images.

Aguirre then turned to Océ, a vendor with whom George Lithograph had been working closely for a number of years. “We had worked with them as a beta site and helped them market to the printing industry previously,” said Aguirre. “When it came time to jump into this project, Océ was right there.”

Driven by the Planet U coupon application, George Lithograph became the first U.S. customer to buy the new DemandStream 6060 from Océ, a 600-dpi digital printer with a wide enough bandwidth to handle the data split necessary for

The DemandStream 6060 and the Varis, VarisScript software manage complex datastreams at high speed output for the production of personalized marketing materials.



**George Lithograph**

George Lithograph,  
headquarters in San  
Francisco, California

the high-resolution, two-color application needed by Planet U. "Being able to split the data and separately drive another printing head on the press is a real technological hurdle, and to be able to do it in high resolution is what sets the DemandStream 6060 apart," said Aguirre. "When we completed negotiations for the Planet U contract, Océ, on its own, had been running tests, and when we took delivery of the 6060, it was implemented very quickly," said Aguirre. "We were able to start outputting in a day or two."

#### **All Partners Shared Risk**

The Océ printer was the final technological component of the variable data coupon application. The first component was the software developed by Varis – a company that also has a close

partnership with Océ. Henry Aguirre and his colleague, Jim Mekis, were impressed with Varis when they saw the functionality of the Varis controller running the exclusive VariScript software for creation of targeted mailings. "VariScript is a software that manages complex data streams in a Postscript environment. The software is able to build pages on the fly – a very unique software application that could drive data into a high-speed output device and manipulate the data so every page looks different," expressed Aguirre and Mekis.

Even with the support of partners like Planet U, Varis and Océ, the cost of pursuing the application was a considerable risk for a \$45 million-a-year revenue company like George Lithograph. "We

literally went out on a limb to do this," said Aguirre. "There was no similar application we could go out and look at."

The risk also seemed a little daunting to Printing Arts America, the \$200 million-a-year printing group that bought George Lithograph late last year, in the middle of the Planet U application development. "They were a little taken aback by the different direction we were headed in, and we had to literally sell them to support the process we were engaged in," said Aguirre, one of four former partners who sold George to PAA. But it was a shared risk from start to finish, Aguirre emphasized. "Océ and Varis both took a flyer on this. They saw the possibilities, and, with no signed contract and with no money on the table, they were willing to participate in the development of this to see that it would work." For their part, he added, "Planet U was very hip to the technology. They had done their homework, knew what the technology would entail to meet the demands being made by their customer base."

Beyond one successful application, George Lithograph comes out of the process better equipped to meet its initial long-range objective – expansion of its customer base into a more service-oriented environment. "We are now going to be aggressively pursuing variable data," said Aguirre. As George Litho boldly enters new territory, a proven team stands ready to help them launch new ventures.



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